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Seafarer Projections Review, 2017	
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"global demand for officers could increase to almost 1.1m in 2026, and 865,000 for ratings"

Oxford Economics, Seafarer Projections Review

This report by Oxford Economics (OE), published January 2017, responds to the recommendation in the Maritime Growth Study (September 2015) that the Department for Transport should refresh its assessment of the requirement for seafarers in the UK maritime sector.

Main points

Global demand for officers is rising faster than that for ratings, probably because of the increasing technical complexity of vessels. Demand for officers now exceeds that for ratings, and that trend will continue.

Global demand for officers could increase to almost 1.1m in 2026 (from 790,500 in 2015), and 865,000 (754,500 in 2015) for ratings – increases of 39% and 15% respectively.

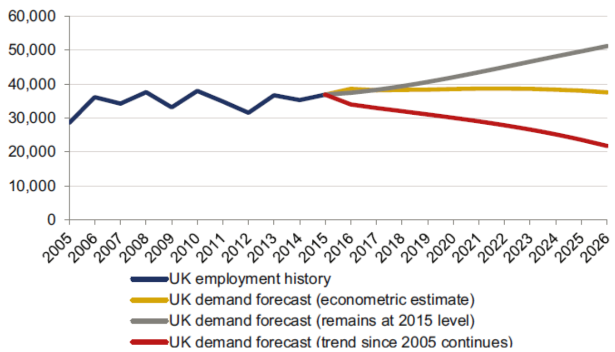
OE points out that these estimates are very dependent on its assumptions about international trade: if growth is lower by one percentage point, the total for officers would fall by 90,000 (or conversely, rise by 90,000 if growth is one percentage point faster than forecast). OE discusses the effect of technological change on requirements for seafarers, reducing their numbers, and increasing requirements for technical knowledge, as well as the impact of increased real-time remote monitoring of ships from headquarters ashore.

Despite decline in the UK fleet from 2009-15 the number of officers and non-hospitality ratings remained constant, primarily because of growth in the relatively labour intensive cruise sector.

UK demand for seafarers (of all nationalities) by 2026 could be **148,000**, of which:

- Officers: 38,000 (down from a peak of 38,700 in the early 2020s)
- Non-hospitality ratings: 30,000
- Hospitality ratings: 80,000 (if the UK cruise sector continues to grow its market share) - up 20,000 from 2015.

Fig. 21. Demand for officers of all nationalities in the UK shipping industry 2005 to 2026



There's some analysis of other specialist sectors: LNG, offshore, yachts, and inland waterways.

Nationality mix

An important characteristic of the UK fleet has been the increasing employment of non-UK seafarers: only 40% of officers, 30% of non-hospitality ratings, and 20% of hospitality ratings are now UK nationals. If the UK fleet continues to employ non-UK nationals in line with recent trends, "the supply of both officers and ratings could increase over the next decade".

Roles ashore

OE reaches quite different conclusions to those of the most recent review of numbers required ashore: it estimates demand for "onshore roles requiring a former seafarer" to be **4,300**, compared with 15,000 estimated in 2003. The authors explore why there might be a difference and say that their conclusions should be "treated with caution". They conclude that "onshore requirements have fallen over the last 10-15 years". Some of that may be because companies are adapting roles so they can be undertaken by non-seafarers.

UK-v-non UK seafarers

The report has an interesting discussion (Chapter 7) about the "extent to which requirements need to be met by UK seafarers". Demand for UK seafarers is strong, especially for more senior officers and those with specialist skills, reflecting the strong reputation of the UK's training system – though some respondents suggested that as training improves elsewhere the difference is diminishing.

More than 40% of those employing officers at sea or former seafarers ashore said they would "like to employ" more UK seafarers if they were available. The greatest barriers to doing so are lack of suitably qualified seafarers, and higher training and employment costs for UK seafarers.

The balance of supply and demand

There is likely to be a shortage of 3,800 deck and engine officers by 2026 (peaking at 4,400 in 2023). Closing the gap would require increasing the annual inflow to 1,500-1,600 pa.

The number of technical officers, by contrast, is "forecast to be greater than the industry's requirement over the coming decade".

For ratings the gap could gradually increase to a shortage of 2,700 by 2026. Closing the gap for UK deck ratings would require increasing the annual inflow from 122pa to 470.

By contrast, for roles ashore, the modelling suggests "there should, at least in theory, be an ample supply of former seafarers becoming available to take up such roles in the years ahead".

All of the forecasts are dependent on how companies respond to prospective shortages, and in particular the mix of UK and non-UK seafarers they employ.

Assumptions and cautions

Oxford Economics carefully sets out its assumptions and provides a number of cautions where the evidence is not as strong as it would like. Notably: (1) the limitation of key datasets, and responses to its own surveys; (2) demand for seafarers is primarily determined by the prospects for world trade, and prospects for China's economy are a major influence on that; (3) the UK's share of global demand for seafarers stabilises at 3.5% of global demand; (4) there's limited impact from disruptive technological change in the years to 2026; (5) it makes no allowance for any impact from implementation of the Growth Study or for leaving the EU.